

**SPECIAL CITY COUNCIL
REDEVELOPMENT AGENCY
PUBLIC FINANCING AUTHORITY MINUTES
CITY OF IMPERIAL BEACH
June 20, 2005
SEWER RATE STUDY WORKSHOP – 6:00 P.M.
**COUNCIL CHAMBERS
825 Imperial Beach Boulevard
Imperial Beach, California****

CALL TO ORDER

MAYOR ROSE called the Special Meeting to order at 6:12 p.m.

ROLL CALL

Councilmembers present:	McCoy, Winter, McLean
Councilmembers absent:	None
Mayor present:	Rose
Mayor Pro Tem present:	Janney

Staff present:	City Manager Brown, City Attorney Lough, Deputy City Clerk Wolfson
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PUBLIC COMMENT

DEPUTY CITY CLERK WOLFSON announced no speaker slips were submitted.

SEWER RATE STUDY WORKSHOP

1. SEWER RATE STUDY REPORT. (0830-90)

CITY MANAGER BROWN introduced the item and reported that a sewer rate public workshop will be held on June 29th. The public workshop was advertised on the City's website and in local newspapers, by email notification to those who attended redevelopment meetings, and Assistant City Manager Ritter would also announce the workshop at the Chamber of Commerce breakfast on June 23rd.

ADMINISTRATIVE SERVICES DIRECTOR HERRERA gave background on the item and responded to questions of Council. He explained that the study dealt with overall costs and not just storm water runoff. He also gave an overview of why a rate increase was recommended. He stated that a detailed report showing the reserve balance would be provided at the public workshop.

GREG CLUMPNER, of Foresight Consulting, gave a PowerPoint presentation and responded to questions of Council. He stated that inflation occurs every year and, although attempts are made to stay within the previous year's budget, as Metro charges increase, the City's charges also increase, and those increases are passed to the customers.

Council expressed concern about San Diego Metro charges being automatically passed through to the customers without Council approval.

MAYOR ROSE requested rate changes be brought to Council as a standalone discussion and she advised staff to keep in mind Council's desire for automatic pass-throughs not be included in any proposed ordinances pertaining to sewer rates.

MR. CLUMPNER responded to concerns of Council and stated that the 5.5% increase was not in addition to the Consumer Price Index (CPI); he added that the study needed to include an assumption of future inflation and this is the reason for the 3.4% increase every year after five years.

Discussion ensued regarding cost increases by the Metropolitan Wastewater Commission/JPA, regarding sewer meters and agricultural/landscape water meters, and regarding annual caps.

COUNCILMEMBER WINTER expressed concern about potential financial impacts to the City if the permit waiving the requirement to perform secondary treatment on wastewater before ocean discharge were not renewed.

MR. CLUMPNER reported that the months with the lowest water usage (November through February) are used to calculate the sewer bill.

In response to Council's concern regarding pass-throughs, ADMINISTRATIVE SERVICES DIRECTOR HERRERA stated that the 3.4% increases would be brought back to Council annually at public hearings.

MAYOR ROSE requested that a clearer presentation be given to the public and she wanted the report to include reserve totals over the next five years, as well as what the exact increases would be over the next five years.

ADMINISTRATIVE SERVICES DIRECTOR HERRERA reminded Council that if inflation were removed from the analysis, then there would be a less than 2% increase above CPI. He also reported that these increases account for a retroactive period since rates were not increased in the past.

BOB WADHAM inquired about sewer rates, if Imperial Beach would be impacted by San Diego's rates, litigation with California regarding unfunded mandates, and he asked that Council consider costs attributed to homeowners and renters when considering the rate increase.

COUNCILMEMBER WINTER requested the ordinance specify an annual review date. She also responded to Mr. Wadham and stated that there is a Technical Advisory Committee separate from the Metro Commission/JPA to discuss these issues, that the City of San Diego undergoes an audit by the Commission, and the Commission may be able to assist with funding if needed.

COUNCILMEMBERS WINTER AND MCCOY also expressed concern regarding automatic pass-throughs.

MAYOR PRO TEM JANNEY requested that cuts be made to other parts of the budget to avoid increasing sewer rates.

In response to Mr. Wadham's question of litigation, CITY ATTORNEY LOUGH stated that the case was dismissed by the Supreme Court.

MAYOR ROSE spoke of the need to have a stable rate environment for taxpayers and she does not want rates to go up and down; she said that the City has used its reserves and has not given refunds to maintain that stability. She requested that the CPI increase not extend five years.

ADJOURNMENT

The meeting adjourned at 8:04 p.m.

Diane Rose, Mayor

Attest:
Lisa D. Wolfson
Deputy City Clerk